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HONDA GIKEN KOGYO KABUSHIKI KAISHA (ALSO KNOWN AS "HONDA MOTOR CO, LTD") v. DNC ASIATIC HOLDINGS SDN BHD & ORS AND ANOTHER SUIT

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HIGH COURT MALAYA, KUALA LUMPUR
AZIZAH NAWAWI J
[CIVIL SUITS NO: 22IP-36-07-2014 & 22IP-37-07-2014]
17 OCTOBER 2017

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INTELLECTUAL PROPERTY: *Copyright – Infringement – Allegation of infringement in artistic works concerning motorcycle – Whether copyright subsisted in drawings of motorcycle – Whether plaintiff owned copyright in artistic works – Whether defendant's motorcycle reproduction of plaintiff's works – Whether there was infringement of copyright in plaintiff's works – Whether there was any flagrant infringement by defendants of copyright in plaintiff's works – Whether plaintiff's act*

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in lawfully enforcing and/or asserting its copyrights in works against defendants may be validly sued upon defendants as unlawful interference with defendants' trade and business – Whether there was legitimate competition when defendants' motorcycle copied or substantially copied works and/or infringed plaintiff's copyright in works – Copyright Act 1987, ss. 4(1)(a), 26B(5), 42

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The plaintiff, a Japanese corporation, was a manufacturer of automobiles, motorcycles, internal combustion engines and parts for automobiles and motorcycles. The defendants, Malaysian companies with common directors and shareholders, were in the business of producing, assembling, marketing and selling motorcycle, and their parts, bearing the 'Demak' brand, since

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2003. In the present claim, the plaintiff submitted that (i) it had ownerships of the rights subsisting in the artistic works ('the works') namely (a) the two-dimensional drawings of its motorcycle model 'Honda EX-5' ('the EX-5 drawing'); and (b) the three-dimensional drawings of its Honda EX-5 ('the EX-5 motorcycle'); (ii) the EX-5 drawing was created in 1985 by its then

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employee one Ichiro Koizumi ('Koizumi') who had since retired; (iii) the EX-5 motorcycle was launched in Malaysia in 1987; (iv) before the launch in Malaysia, the motorcycle model of the EX-5 drawing was shown to the plaintiff's Malaysian licensee, Boon Siew Sdn Bhd ('Boon Siew') and based on Boon Siew's feedback, Koizumi made some minor modifications to the

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mock-up model and the end result was the EX-5 motorcycle produced by the plaintiff; (v) for close to 30 years, it had sold the EX-5 in Malaysia, Thailand and Vietnam and it had reached an iconic status in Malaysia; and (vi) the defendants had infringed and/or have caused, enabled, permitted, assisted or procured the infringement of the plaintiff's copyright in the works when they manufactured, produced and/or assembled their motorcycle ('Demak

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SPARK'). The defendants filed a counterclaim seeking, *inter alia*, declaratory

orders under the Competition Act 2010, unlawful interference with trade and consequential injunctive reliefs against the plaintiff. The issues that arose for the court's adjudication were (i) whether copyright subsisted in (a) the two-dimensional drawings of the Honda EX-5 or Honda EX-5 Dream; and (b) the three-dimensional form of the plaintiff's EX-5 motorcycle; (ii) whether the plaintiff owned the copyright in the works; (iii) whether the defendant's Demak SPARK or SPARK a reproduction of the works; (iv) whether the defendants infringed the copyright in the works; (iv) whether there was any flagrant infringement by the defendants of the copyright in the works; (v) whether the plaintiff's act in lawfully enforcing and/or asserting its copyrights in the works against the defendants may be validly sued upon the defendants as unlawful interference with the defendants' trade and business; and (vi) whether there was legitimate competition when the defendants' Demak SPARK copied or substantially copied the works and/or infringed the plaintiff's copyright in the works.

Held (allowing plaintiff's claim with costs; dismissing defendant's counterclaim):

(1) The EX-5 drawing was eligible for copyright protection in Malaysia as copyright subsisted in the EX-5 drawing because (i) the author, Koizumi, was a qualified person at the time the EX-5 drawing was made, namely, a citizen or resident of Japan, a member country of the Berne Convention since 1899; (ii) the EX-5 works were first published by the plaintiff in 1986 in Thailand, a Berne member country since 1931. The publication was a commercial launch in the market and therefore readily met the requirements of s. 4(1)(a) of the Copyright Act 1987 ('the Act') that it be in a manner sufficient to satisfy the reasonable requirements of the public, whether by sale or otherwise; or (iii) the EX-5 drawing was created, designed and made in a Berne member country, Japan. Therefore, copyright subsisted in the EX-5 drawing and they were works protected by copyright in Malaysia. This was supported by the statutory declaration of the quality engineer of Boon Siew ('PW2') pursuant to s. 42 of the Act. Added to that, pursuant to s. 26B(5) of the Act, true extracts from the Register of Copyright certified by the Controller or Deputy Controller was *prima facie* evidence of the particulars entered that the plaintiff was the copyright owner of the EX-5 works. (paras 37, 38 & 83)

(2) With regards to the ownership of the copyright in the EX-5 drawings, the copyright in the EX-5 drawings, which was vested in Koizumi, as the author, was deemed transferred to his employer, Honda R&D. The copyright was then transferred and deemed transferred by Honda R&D to the plaintiff as the latter had commissioned the former to do the work. Such copyright was, in any event, assigned to the plaintiff. As the maker

Koizumi did not attend the trial, the provision to s. 73A(1) of the Act applied, that the maker was beyond the seas and it was not reasonably practical to secure his attendance. Furthermore, the policy decision of the plaintiff's companies not to disturb its retired employee was accepted. (paras 39, 42 & 44)

(3) A visual comparison between the plaintiff's EX-5 motorcycle and the defendant's Demak SPARK showed close similarities, namely, (i) the emblem; (ii) the opening on the side cover; (iii) the ornamental rubber piece with 16 ridges; (iv) the rear combination lamp; and (v) the instrumental panel. The compelling evidence of extensive close similarities between the Demak SPARK motorcycle and the EX-5 motorcycle would necessarily lead to the conclusion that the Demak SPARK motorcycle was a copy or a substantial reproduction of the EX-5 motorcycle. (paras 89 & 92)

(4) There was no evidence to support the defendants' allegation of independent creation of the Demak SPARK. The defendants failed to discharge the burden on them to show that they did not copy the EX-5 works. The defendants' infringing acts were commercial in nature, motivated only by profits and financial gain. The defendants were free-riding on the resources spent by the plaintiff in carrying out research, development and creation of the EX-5 works. There was a real need to deter similar infringements. To encourage innovation and original creation, the efforts of those who invest serious money in research and development, like the plaintiff, must be given due protection. As such, the plaintiff was awarded statutory damages in respect of the defendant's infringement. (paras 103, 106 & 108)

(5) There was no merit in the defendants' counterclaim. The defendants led no evidence to prove its counterclaim. Furthermore, the defendants did not, at any time during trial, put their claim for alleged unlawful interference with trade and anti-competitive conduct to any of the plaintiff's witnesses in cross-examination. A failure in this respect must be treated as an abandonment of the defendants' counterclaim and the defendants were refrained from raising them in arguments. On the counterclaim premised on unlawful interference, since the plaintiff was merely enforcing its copyright in the manner permitted by law, there was no unlawful interference with the defendants' trade and business and/or economic interests. On the issue of the alleged contravention of the Competition Act 2010, since the defendants infringed the plaintiff's copyright, there could not be said to be a legitimate competition. Since the Demak SPARK motorcycle infringed the plaintiff's copyright in the EX-5 motorcycle, it was not a 'legitimate competing product'. There

was no legitimate competition when the infringing motorcycle copied or substantially copied the EX-5 motorcycle. The plaintiff would suffer unjust and unfair competition if its competitors were free to copy its EX-5 works protected by copyright, under the guise of the operation of the Competition Act 2010. (paras 110, 111, 112 & 114)

Case(s) referred to:

Aik Ming (M) Sdn Bhd & Ors v. Chang Ching Chuen & Ors and Another Case [1995] 3 CLJ 639 CA ***(refd)***

Designers Guild Ltd v. Russell Williams (Textiles) Ltd [2000] 1 WLR 2416 ***(refd)***

Dura-Mine Sdn Bhd v. Elster Metering Ltd & Anor [2015] 1 CLJ 887 FC ***(refd)***

Elster Metering Ltd & Anor v. Damini Corp Sdn Bhd & Anor [2010] 1 LNS 397 HC ***(refd)***

Henkel KGaA v. Holdfast New Zealand Ltd [2007] 1 NZLR 577 ***(refd)***

Honda Giken Kogyo Kabushiki Kaisha v. Allied Pacific Motor (M) Sdn Bhd & Anor [2005] 6 CLJ 174 HC ***(refd)***

King Features Syndicate Inc and Anor v. O And M Kleeman, Limited [1941] AC 417 ***(refd)***

Kiwi Brands (Malaysia) Sdn Bhd v. Multiview Enterprises Sdn Bhd [1998] 2 CLJ Supp 194 HC ***(refd)***

Maxicar v. Renault [1988] ECR 6039 ***(refd)***

Megnaway Enterprise Sdn Bhd v. Son Lian Hock (No 2) [2009] 8 CLJ 130 HC ***(refd)***

Microsoft Corporation v. Yong Wai Hong [2008] 6 CLJ 223 CA ***(refd)***

Peko Wallsend Operations Ltd & Ors v. Linatex Process Rubber Bhd [1993] 2 CLJ 94 HC ***(refd)***

Plastech Industrial Systems Sdn Bhd v. N & C Resources Sdn Bhd & Ors [2013] 9 CLJ 404 HC ***(refd)***

Radion Trading Sdn Bhd v. Sin Besteam Equipment Sdn Bhd & Ors [2010] 6 CLJ 334 HC ***(refd)***

Rock Records (M) Sdn Bhd v. Audio One Entertainment Sdn Bhd [2005] 1 CLJ 200 HC ***(refd)***

Legislation referred to:

Copyright Act 1987, ss. 3, 7(1)(c), (3)(a), (b), 10, 13(1), 26A, 26B(5), 37(1)(d), (8), 42(1), 59A

Evidence Act 1950, ss. 73A(1), 114(g)

Other source(s) referred to:

Khaw Lake Tee, *Copyright Law in Malaysia,* 3rd edn, 2008, p 24

For the plaintiff - Linda Wang & CP Khon; M/s Zaid Ibrahim & Co

For the defendant - Steven Cheok, Sarguna & Nichole Chong; M/s Kandiah & Sri

For the defendant (Subsistence and Ownership of Copyright) - Khoo Guan Huat, PY Kuek & Melissa Long; M/s Skrine

Reported by Najib Tamby

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JUDGMENT

Azizah Nawawi J:

Introduction

[1] The plaintiff's claim against the defendants are for, *inter alia*, permanent injunctions, an order for delivery and damages premised on copyright infringement under the Copyright Act 1987 (the "CA 1987"). In response, the defendants filed a counterclaim seeking, *inter alia*, declaratory orders under the Competition Act 2010, unlawful interference with trade and consequential injunctive reliefs against the plaintiff.

[2] This claim has been consolidated with Kuala Lumpur High Court Civil Suit No. 22IP-37-07-2014 (the "SYM Suit") on the issues of subsistence and ownership of copyright only pursuant to an order dated 12 May 2015. Therefore, the finding on the issue of subsistence and ownership of copyright is common for both this suit and the SYM Suit.

[3] A separate trial proceeded on the issue of copyright infringement.

[4] In this suit, this court has made a finding that the plaintiff has proven its case on the balance of probabilities on both the issues of subsistence and ownership of copyright and on the issue of copyright infringement. This court had also dismissed the defendants' counterclaim.

The Salient Facts

[5] The plaintiff is a Japanese multinational corporation, based in Tokyo, Japan and is one of the world's largest manufacturers of automobiles, motorcycles, internal combustion engines and spare parts for automobiles and motorcycles.

[6] The defendants are companies incorporated in Malaysia and they are related companies having common directors and shareholders. Both the first and the second defendants share the same registered address in Banting and the same business address in Demak Laut Industrial Estate, Kuching Sarawak.

[7] The first defendant produces, assembles and imports motorcycles bearing the 'Demak' brand. The first defendant also imports motorcycle parts for the assembly of the 'Demak' brand of motorcycles.

[8] The second defendant is the marketing arm of the first defendant, whilst the third defendant is involved with the first defendant's business.

[9] The first, second and third defendants have been in the business of producing, assembling, marketing and selling motorcycles since 2003. The defendants are also the producers and/or distributors of the motorcycle known as 'Demak SPARK', as per exh. D15.

[10] The plaintiff claims ownership of the copyright subsisting in the following artistic works, collectively and/or separately called the "works":

(i) the two – dimensional form of drawings of its motorcycle of the model known as "Honda EX-5" or "Honda EX-5 Dream" (the "EX-5 drawing"); and

(ii) the three – dimensional form of its EX-5 motorcycle (the "EX-5 motorcycle").

EX-5 Drawing	EX-5 Motorcycle

[11] The plaintiff claims that the EX-5 drawing was created by Mr. Ichiro Koizumi ("Mr. Koizumi") in 1985 in Japan. Mr. Koizumi was an employee of Honda R&D since 1 April 1977 and has since retired in 2014.

[12] After the EX-5 drawing was created by Mr. Koizumi, the first 3-dimensional model of the EX-5 motorcycle was then produced by the designs team working with a clay modeller at Honda R&D based on the EX-5 drawing. A mock-up model of the motorcycle would then be made, following the usual design-to-production procedures. After the design is finalised on the mock-up model, a working prototype is made before commercial manufacture by the plaintiff of the new design motorcycle.

[13] The plaintiff first launched the EX-5 works for sale in the market in Thailand in 1986.

[14] The plaintiff then launched the EX-5 in Malaysia in 1987. Before the launching in Malaysia, the mock-up motorcycle model of the EX-5 drawing was shown to the plaintiff's Malaysian licensee at that time, Boon Siew Sdn Bhd ('Boon Siew'), during a meeting in June 1985. Based on the licensee's feedback, Mr. Koizumi made some minor modifications to the mock-up model and the end result is the EX-5 motorcycle produced by the plaintiff (exh. P4).

[15] The plaintiff claims that for close to 30 years now the plaintiff had sold the EX-5 in Malaysia, as well as in Thailand and Vietnam. The EX-5 is one of the plaintiff's best-selling motorcycles (recording sales delivery of over 2 million units in Malaysia). Due to its popularity it has iconic status in Malaysia and is fondly known as the "King of Cubs".

[16] The plaintiff claims that the defendants have jointly and severally infringed and/or have caused, enabled, permitted, assisted or procured the infringement of the plaintiff's copyright in the works when they have manufactured, produced and/or assembled their motorcycle known as "Demak SPARK".

[17] The defendants have marketed, distributed, offered for sale, sold and/or commercially dealt with the Demak SPARK motorcycle since 2003.

[18] By a legal notice dated 29 July 2013, the plaintiff gave notice to the defendants of the plaintiff's copyright in the works and that the reproduction of the works or any substantial part of the works would infringe the plaintiff's copyright.

[19] When the defendants did not respond to the plaintiff's legal notice, the plaintiff commenced this action against the defendants.

Agreed Issues To Be Tried

[20] The parties have agreed to the following issues to be tried:

(i) whether copyright subsists in Malaysia in the following works:

(a) the two-dimensional form drawings of the plaintiff's motorcycle of the model known as "Honda EX-5" or "Honda EX-5 Dream"; and

(b) the three-dimensional form of the plaintiff's EX-5 motorcycle.

(ii) whether the plaintiff owns the copyright in the works;

(iii) whether the defendants' motorcycle of the model known as 'Demak SPARK' or 'SPARK' a reproduction of the works;

(iv) whether the defendants have infringed the copyright in the works;

(v) whether there was any flagrant infringement by the defendants of the copyright in the works;

(vi) in respect of the counterclaim, whether the plaintiff's act in lawfully enforcing and/or asserting its copyrights in the works against the defendants may be validly sued upon by the defendants as unlawful interference with the defendants' trade and business; and

(vii) whether there is legitimate competition when the defendants' Demak SPARK motorcycles copy or substantially copy the works and/or infringe the plaintiff's copyright in the works.

[21] Part 1 of this judgment deals with the issues of subsistence of copyright in issues (i) and (ii), whilst Part 2 will address issues (iii), (iv) and (v) on infringement and the counterclaim (issues vi and vii).

Findings Of The Court

Part 1 – Issues On Subsistence And Ownership Of Copyright In The "EX-5 Works"

[22] The plaintiff's claim for copyright infringement against the defendants is premised on s. 36(1) of the CA 1987, which reads as follows:

> 36. Infringements.
>
> (1) Copyright is infringed by any person who does, or causes any other person to do, without the licence of the owner of the copyright, an act the doing of which is controlled by copyright under this Act.

[23] In order to establish a claim of copyright infringement, the onus is on the plaintiff to establish, on the balance of probabilities, the following elements:

(i) whether the plaintiff's two – dimensional drawings of its motorcycle of the model known as "Honda EX–5" or "Honda EX–5 Dream" (the "EX–5 drawing"); and the three – dimensional form of its EX–5 motorcycle, are eligible for copyright protection;

(ii) whether the plaintiff owns the copyright in the two – dimensional drawings of its motorcycle of the model known as "Honda EX–5" or "Honda EX–5 Dream" (the "EX–5 drawing"); and the three – dimensional form of its EX–5 motorcycle; and

(iii) whether the defendant has infringed the plaintiff's copyright.

Whether The EX-5 Drawing Is Eligible For Copyright Protection

[24] The plaintiff claims copyright in the drawing, the two – dimensional drawing of Honda EX–5, which falls within the definition of artistic work under s. 3 of the CA 1987. Therefore, under s. 7(1)(c), the artistic works are eligible for copyright protection.

[25] In *Peko Wallsend Operations Ltd & Ors v. Linatex Process Rubber Bhd* [1993] 2 CLJ 94; [1993] 1 MLJ 225, the court held that an engineering drawing falls within the definition of artistic work under s. 3 of the CA, 1987. In *Megnaway Enterprise Sdn Bhd v. Son Lian Hock (No 2)* [2009] 8 CLJ 130; [2009] 3 MLJ 525, the court held that drawings of metal components are artistic works under the CA 1987. The same position was taken by

Justice Azhar Mohamed in *Elster Metering Ltd & Anor v. Damini Corp Sdn Bhd & Anor* [2010] 1 LNS 397; [2011] 8 MLJ 253, where His Lordship finds that engineering drawings falls within artistic works under the same Act, which means among others, a graphic work. Accordingly, drawings constitute an "artistic work". In the Federal Court case of *Dura-Mine Sdn Bhd v. Elster Metering Ltd & Anor* [2015] 1 CLJ 887, at para. 14, Jeffrey Tan FCJ held as follows:

> [14] **It is settled that technical drawings are artistic works eligible for copyright** (see *Lau Foo Sun v. Government of Malaysia* [1969] 1 LNS 78; [1974] 1 MLJ 28; *TR Hamzah & Yeang Sdn Bhd v. Lazar Sdn Bhd* [1985] CLJ Rep 312; [1985] 1 CLJ 72; *Peko Wallsend Operations Ltd & Ors v Linatex Process Rubber Sdn Bhd* [1993] 2 CLJ 94; [1993] 1 MLJ 225). (emphasis added)

[26] Therefore, I find that the two – dimensional drawing of Honda EX-5 falls within the definition of artistic work under s. 3 of the CA 1987, and pursuant to s. 7(1)(c), the said Honda EX-5 drawing is eligible for copyright protection.

[27] For artistic work to be eligible for copyright, it must also comply with s. 7(3) of the CA 1987, which states that:

> A literary, musical or artistic work shall not be eligible for copyright unless:
>
> (a) sufficient effort has been expended to make the work original in character; and
>
> (b) the work has been written down, recorded or otherwise reduced to material form.

[28] In the present case, the two – dimensional drawing of Honda EX-5 was designed and created by Mr. Koizumi in 1985 in Japan. Mr. Koizumi was an employee of Honda R&D since 1 April 1977 and retired from Honda R&D in 2014. This can be seen from Honda R&D's Certificate of Employment dated 15 January 2004, confirming Mr. Koizumi's employment as a designer in the designs department since 1977 and that his work functions included the conceptualising and designing of new models of motorcycles.

[29] I am satisfied from the evidence adduced that the plaintiff has expended sufficient effort to make the EX-5 Drawings within the meaning of s. 7(3)(a) of the CA 1987 and as required under s. 7(3)(b), the EX-5 Drawing has been reduced to 'material form'.

[30] The next issue is whether the EX-5 Drawing has satisfied s. 10 of the CA 1987, which reads:

10. Qualification for protection.

10(1) Copyright shall subsist in every work eligible for copyright of which the author or in the case of a work of joint authorship, any of the authors is, at the time when the work is made, a qualified person.

10(2) Copyright shall also subsist in every work which is eligible for copyright and which:

(a) being a literary, musical or artistic work or film or sound recording is first published in Malaysia

(b) …

10(3) Notwithstanding subsections (1) and (2), copyright shall subsist, subject to this Act, in every work eligible for copyright if the work is made in Malaysia.

[31] Under s. 3 of the CA 1987, a 'qualified person' means a person who is a citizen of, or permanent resident in Malaysia.

[32] The plaintiff claims that the EX-5 Works were created in 1985. At this time, the Copyright Act 1969 was in force and this Act did not provide any protection to the EX-5 Works.

[33] The Copyright Act 1969 was repealed by the Copyright Act 1987 on 1 December 1987. The 1987 Act also did not provide any protection to the EX-5 Works as the same was created in Japan, not Malaysia.

[34] However, on 1 October 1990, Malaysia acceded to the Berne Convention. The effect of acceding to the Berne Convention is that Malaysia is obliged to grant the same copyright protection to nationals or residents of other Berne member countries, that it accords to its own citizens or residents. This was done through the 1990 amendments to the CA 1987, to include s. 59A, which empowered the Minister to make the Copyright (Application of Other Countries) Regulations 1990 (the "1990 Regulations"). The 1990 Regulations came into force on 1 October 1990. Under reg. 2, these regulations apply to works made before the commencement date, 1 October 1990.

[35] In *Copyright Law in Malaysia*, by Khaw Lake Tee (3rd edn. 2008), at p. 24, the author opined that:

> On 1 October 1990, Malaysia acceded to the Berne Convention for the Protection of Literary and Artistic Works, as revised by the Paris Act of 1971 … It (the Berne Convention) operates on three fundamental principles: (i) national treatment; (ii) minimum rights; and (iii) conferment of copyright without formalities. Under the principle of national treatment, a Berne country is obliged to grant the same copyright protection to the nationals or residents of other Berne countries. …

A The protection of the Berne Convention applies to (i) authors who are nationals of one of the countries of Union, for their works, whether or not published; (ii) authors who are nor nationals of one of the countries of the Union, for their works first published in one of those countries ...

[36] The effect of the Berne Convention was also considered by Justice B Suriyadi (as His Lordship then was) in *Honda Giken Kogyo Kabushiki Kaisha v. Allied Pacific Motor (M) Sdn Bhd & Anor* [2005] 6 CLJ 174; [2005] 3 MLJ 30 at p. 186 (CLJ); pp. 42, 43 (MLJ):

[28] The copyright works' infringements here are in relation to the plaintiff's two-dimensional drawings and three dimensional form, C embodied in the form of a motorcycle, branded under the model of HONDA EX-5 DREAM and reflected in COMEL MANJA JMP 100 (GS-5) (*Peko Wallsend Operations Ltd & Ors v. Linatex Process Rubber Bhd & Anor* [1993] 1 MLJ 225). From the affidavits I am satisfied at this stage that the copyrighted items were created in Japan by the plaintiff though first published in Thailand.

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[29] The works were initially vested in the author, ie, one Mr. Ichiro Koizumi, but as the results were made in the course of his employment with Honda R&D Co Ltd, the copyright was deemed transferred to the company (ss. 10 and 26(1) of the Copyright Act 1987). *On that premise, the plaintiff possessed the exclusive rights to the works,* E *be it the two-dimensional or three-dimensional works. That exclusive right includes also the control of the reproduction in any material form of the copyrighted work or a substantial part thereof, either in its original or derivative form.*

....

F [33] Regulation 1(2) provides that all the Regulations, and by necessity to include the above regulation 3, apply in relation to works made before the commencement of these Regulations as they apply in relation to works made thereafter. As I understand it this provision is retrospective as well as prospective in effect. *The total effect of the two Regulations is that, any work from a specified country, regardless of time,* G *if eligible for copyright protection under the Copyright Act 1987, will be accorded protection* whether it did enjoy protection or not in that specified country (*Peko Wallsend Operations Ltd & Ors v. Linatex Process Rubber Bhd & Anor* [1993] 1 MLJ 225). *To summarise matters, as from 1 October 1990, all works first published, even those published before the latter date, in any of the specified countries of the Berne Convention will be entitled* H *to copyright protection in Malaysia, subject to eligibility under the Act.* Certainly any copyright work that has expired does not count.

[34] In other words, even though the works were published in Thailand sometime in 1986, but not published within one month in Malaysia, the statutory stumbling block of s. 4(3) of the Copyright Act 1987 I was neutralised by the promulgation of the Copyright (Application to Other Countries) Regulations 1990. *That being so the plaintiff's copyrighted works will be accorded the statutory protection.* (emphasis added)

[37] Therefore, I am of the considered opinion and I agree with the plaintiff that the EX-5 drawing are eligible for copyright protection in Malaysia as it is proven on the evidence that copyright subsists in the EX-5 drawing because:

(i) the author of the EX-5 drawing, Mr. Koizumi, is a qualified person at the time the EX-5 drawing were made (s. 10(1), s. 3, regs. 2, 3(e)), namely, a citizen or resident of Japan (a Berne member country since 1899); or

(ii) the EX-5 works were first published by the plaintiff in 1986 in Thailand, a Berne member country since 1931 (s. 10(2)(a), s. 4(1)(a), reg. 3(a)). The publication was a commercial launch in the market and therefore readily met the requirements of s. 4(1)(a) that it be in a manner sufficient to satisfy the reasonable requirements of the public, whether by sale or otherwise; or

(iii) the EX-5 drawing was created, designed and made in a Berne member country, Japan (s. 10(3), regs. 2, 3(c))

[38] Copyright therefore subsists in the EX-5 drawing and they are works protected by copyright in Malaysia with effect from 1 October 1990.

[39] With regards to the ownership of the copyright in the EX-5 drawings, the copyright in the EX-5 drawings which was vested in Mr. Koizumi as the author was deemed transferred to his employer, Honda R&D. The copyright was then transferred and deemed transferred by Honda R&D to the plaintiff as the latter had commissioned the former to do the work. Such copyright was in any event assigned to the plaintiff pursuant to the 1972 Agreement, as confirmed by the Confirmatory Assignment of Copyright in Commissioned Work.

[40] However, it is the contention of the defendants that the plaintiff has failed to establish that the EX-5 drawing (exh. P5) was created and designed by Mr. Koizumi for the following reasons:

(i) that Mr. Koizumi was not called to give evidence, hence s. 114(g) of the Evidence Act should be invoked; and

(ii) that the evidence of PW1 is unreliable.

[41] With regards to the EX-5 drawing, I have admitted the same as "exh. P5" in evidence. I find that the EX-5 drawing, exh. P5 is admissible under s. 73A(1) of the Evidence Act1950 (the "EA 1950"), which reads:

73A. Admissibility of documentary evidence in civil cases etc.

(1) Notwithstanding anything contained in this Chapter, in any civil proceedings where direct oral evidence of a fact would be admissible, any statement made by a person in a document and tending to establish that fact shall, on production of the original document, be admissible as evidence of that fact if the following conditions are satisfied:

(a) If the maker of the statement either:

(i) Had personal knowledge of the matters dealt with by the statement; or

(ii) Where the document in question is or forms part of a record …

(b) If the maker of the statement is called as a witness in the proceedings;

Provided that the condition that the maker of the statement shall be called as a witness need not be satisfied if he is dead, or unfit by reason of his bodily or mental condition to attend as a witness or if he is beyond the seas and it is not reasonably practical to secure his attendance, or if all reasonable efforts to find him have been made without success.

[42] Under s. 73A (1), the original drawing must be produced. In this case, the original EX-5 drawing has been produced before this court. PW1 has confirmed that the EX-5 drawing before this court is the original drawing that he saw Mr. Koizumi draw back in 1985. I also accept the evidence of PW1 that Mr. Koizumi is the author of the original EX-5 drawing. As the maker Mr. Koizumi did not attend the trial, the proviso to s. 73A(1) applies, that is the maker is beyond the seas and it is not reasonably practical to secure his attendance.

[43] On this requirement, PW1 gave evidence that Mr. Koizumi retired from his employment at Honda R&D in 2014. PW1 further gave evidence that Honda companies closely observe the long-standing policy to respect the retired status of an employee, that after retirement, the former employee is free from company business. However, when Mr. Koizumi was still the employment of Honda R&D, Mr. Koizumi attended the case in Shah Alam in *Honda Giken Kogyo Kabushiki Kaisha v. Allied Pacific Motor (supra)* in relation to another suit involving the EX-5.

[44] Therefore, on the absence of Mr. Koizumi, I accept the policy decision of the plaintiff's companies not to disturb its retired employee. I find this to be a reasonable reason for not securing the attendance of the maker of the EX-5 drawing, Mr. Koizumi. Further, I also take note that during his employment with Honda, Mr. Koizumi did file an affidavit in the Shah Alam case of *Honda Giken Kogyo Kabushiki Kaisha v. Allied Pacific Motor (supra)* to

show the consistency in the position taken by the plaintiff that it was Mr. Koizumi who prepared the exh. P5 drawings. As such, I find that the conditions under s. 73A(1) has been proven by the plaintiff, and I therefore admit the EX-5 drawing as exh. P5 in this trial.

[45] Having accepted the reasons for Mr. Koizumi's absence, I will not invoke s. 114(g) of the EA 1950 against the plaintiff with regards to the absence of Mr. Koizumi.

[46] On the defendants' contention that the evidence of PW1 is unreliable, I find PW1 to be a careful witness who has personal knowledge of the EX-5 works. He had known Mr. Koizumi as a colleague for 28 years in the same design division of Honda R&D. At times there were some problems with the translation, but overall I find him to be a credible witness.

[47] It is also the submission of the defendants that the EX-5 drawing is not original in character, and therefore is not copyright protected. The defendants submit that there is already information available in the public domain, such as the Yamaha V70 (1977), the Suzuki FR 80 (1980), the Yamaha Y80 (1984) and several other motorcycles. Thus, the onus is on the defendants to prove that the EX-5 drawing is not an original drawing, but was copied from the other motorcycles.

[48] On the issue of originality, the court in *Kiwi Brands (Malaysia) Sdn Bhd v. Multiview Enterprises Sdn Bhd* [1998] 2 CLJ Supp 194, held as follows:

> The word original that appears in s. 7(3)(a) of the Copyright Act 1987 does not mean that the work must be the expression of original or inventive thought. I am of the considered view that the originality, which is required, relates to the expression of the thought; it does not require that the expression must be an original or even novel form. **The work must not be copied from another work. It should originate from the author.** (emphasis added)

[49] However having considered the evidence, I am of the considered opinion and I agree with the plaintiff that there is no other motorcycle that is similar to the EX-5, and what the defendants have shown is simply that there are similarities in a particular part of the motorcycle when making the comparisons.

[50] In *Henkel KGaA v. Holdfast New Zealand Ltd* [2007] 1 NZLR 577, the New Zealand Supreme Court held that the issue of originality is to be determined with respect to the work as a whole and not by subdividing the plaintiff's work and asking if there is copyright in the individual sub-divided parts. In para. [40] of the judgment, the court said this:

A [40] … As Lord Reid emphasised, the correct approach is first to determine whether the plaintiff's work as a whole is original and protected by copyright. The second step is to see whether such part as may have been taken by the defendant is a substantial part of the plaintiff's work. It is not correct to subdivide the plaintiff's work into its component parts and ask whether copyright might attach to the individual parts. Copyright, B if it exists at all, exists in relation to the work as a whole. … (emphasis added)

[51] Therefore I agree with the plaintiff that to sub-divide the EX-5 works into component parts and to compare that individual part in insulation from the rest of the design features in alleging no originality, is clearly wrong. It C is the defendants attempt to "mosaic" the various individual parts of other motorcycles to allege that the EX-5 is not original, after failing to produce a single motorcycle designed like the EX-5 before Mr. Koizumi created it. The defendants have not shown that Mr. Koizumi had copied the EX-5 drawing from another work.

D **[52]** In any event, I find that the defendants have failed to refer to any earlier motorcycle having a design the same as or alike the EX-5 works and this is admitted by DW1 (SYM Suit):

LW: Dan En. Asri telah dirujukkan ke design features untuk EX-5, bolehkah En. Asri menunjukkan kepada mana-mana satu E motosikal yang berada di pasaran dalam tahun 1985 atau sebelum 1985 yang mempunyai design features dan gaya design styling EX-5 termasuk ciri-ciri yang ditunjukkan itu?

DW1: Tidak ada.

F **[53]** In the Demak Suit, DW2 was also not able to point to any earlier motorcycle having the design of the EX-5 works:

LW: … I am asking Mr. Chiu if he can refer us to any single motorcycle that was in the market before 1985 and which has the unique design features of EX-5 including the features as shown at page G 105, D1.

DW1: This I am not sure

Whether The EX-5 Motorcycle Is Eligible For Copyright Protection

[54] With regards to the three – dimensional form of its EX-5 motorcycle, H I am of the considered opinion that the same is eligible for copyright protection. This is premised on the case of *Peko Wallsend Operations Ltd (supra)* where the court held that the three-dimensional works produced from the drawings are also eligible for copyright protection under Act 332. The court held at p. 97 (CLJ); pp. 233-234 (MLJ):

I

Question 2: Are the three-dimensional products of such engineering drawings (two-dimensional) also within the meaning of the Copyright Act 1987?

> My reply to this question is a definite 'yes', as s 3 of the Act defines 'artistic work' to include 'drawings ... and any three-dimensional work thereof'. Thus under s. 3, copyright not only vests in the engineering drawings (two-dimensional) as 'artistic work' but has been extended and enlarged to cover the finished products (three-dimensional) as well and which have been manufactured from the drawings.

...

Question 3: Do such three dimensional works enjoy copyright in themselves, that is to say, in their three-dimensional form?

> Consequent to my answers to Question 1 and 2, it follows that such three-dimensional works enjoy copyright in themselves, as it is clear from s 3 that:
>
> (1) engineering drawings (two-dimensional) are artistic works eligible for copyright; and
>
> (2) that the **three-dimensional works produced from the drawings are also eligible for copyright** under the Act. (emphasis added)

[55] The above principle was followed by the court in *Megnaway Enterprise Sdn Bhd (supra)*, where the court held at p. 139 (CLJ); p. 533 (MLJ):

> [24] In Malaysia, further inspiration is available in the judgment of Siti Normah Yaacob J (Later CJ(M)) in *Peko Wallsend Operations Ltd & Ors v. Linatex Process Rubber Sdn Bhd* [1993] 1 MLJ 225 (HC), which was affirmed by the Supreme Court: see [1994] 3 MLJ lxx. Her Ladyship held that:
>
> (1) engineering drawings are included in the definition of artistic works under s 3 and qualify for protection under the copyright law; and
>
> (2) under s 3, copyright not only vests in the engineering drawings (two-dimensional) as 'artistic works' but has been extended and enlarged to cover the finished products (three-dimensional) as well and which have been manufactured from the drawings.
>
> ...
>
> [27] It is evident that the plaintiff's rights cover not only the drawings of the metal components for the anti-theft system but extends to the metal components thereof which the plaintiff has manufactured, based on the drawings.

A [28] In the circumstances, I hold that the copyright (of the drawings and metal components for the anti-theft system which are three-dimensional reproductions of the drawings) subsists in favour of the plaintiff.

[56] Therefore, the EX-5 motorcycle is also eligible for copyright B protection because it is the three-dimensional product of the EX-5 drawing.

[57] However, it is the submission of the defendants that under the CA 1987, the copyright was not intended to be extended to any three dimensional form, but only to three dimensional representation made from or manufactured from the two – dimensional drawings of the EX-5 (exh. P5). C Based on the evidence, the defendant submits that exh. P4, the EX-5 motorcycle is not a representation of the EX-5 drawing, exh. P5.

[58] However, I agree with the plaintiff that based on the case of *Peko Wellsend (supra)*, there is no necessity that the three dimensional representation is an exact reproduction of two-dimensional drawings of the D EX-5. So long as there is evidence to show that the three dimensional representation is based on the two-dimensional drawings, that is sufficient.

[59] I am satisfied from the evidence of PW1 that before the plaintiff can manufacture the EX-5 motorcycle, there must be a process before the EX-5 motorcycle can be produced based on the drawing, exh. P5. PW1 gave E evidence that after Mr. Koizumi created the drawings exh. P5, the plaintiff will make the clay modellers from the drawing. From the clay models, they will make a mock up model. The mock up model will be shown to the local appointed distributor, and in the case of Malaysia, Boon Siew. From the feedbacks from Boon Siew, which the plaintiff referred to as minor F modifications, they will make a working prototype containing the minor modifications. And from the working prototype, it then goes into commercial manufacture.

[60] The defendants also submit that the EX-5 motorcycle (exh. P4) which is a 2010 model, contain major design elements which makes it different G from the exh. P5 drawing. However, I accept the plaintiff's evidence that the design of the EX-5 have not changed over the 30 years, and this is supported by the evidence of the defendant, DW1 En. Asri:

LW: En. Asri, tadi En. Asri berkata bahawa terdapat perubahan (minor-minor changes) pada EX-5 yang dijual dari tahun 1980an H ke masa kini yang En. Asri katakaa. Soalan saya, En. Asri, adakah reka bentuk dan gaya asas, design styling untuk EX-5 berubah sejak ia pertama kali dijual di Malaysia?

DW1: Tidak.

I

[61] The defendants also raised the issue that P4 cannot be from P5 because of the meeting with Boon Siew, where the plaintiff had obtained feedbacks from Boon Siew. Therefore, with the feedbacks from Boon Siew, the defendants submit that the final products cannot be from the original drawings. However, I agree with the plaintiff that the defendants have failed to establish that the feedbacks from the meeting with Boon Siew has clearly departed from the original drawings, especially when PW1 has given evidence that after the meeting with Boon Siew, the product is essentially the same from the drawings, with minor modifications.

[62] In any event, the Federal Court in *Dura-Mine Sdn Bhd v. Elster Metering Ltd & Anor* [2015] 1 CLJ 887 held that where all the modifications were brought about from the original design, then the entire chain of works, the original drawings and all modifications should be taken as a whole and as being original:

> (5) It could not be argued that the respondents had not asserted ownership of copyright. The respondents had given a complete account, all authenticated by documents, of the chain of ownership of copyright from the beginning to the lap of the first respondent. More than that, the respondents *had shown that all modifications of the original design were brought about by the labour and effort of the employees* of the first respondent or its predecessors from whom the first respondent acquired the copyright. *The original design and its modifications, as per the drawings, all originated from the first respondent or its predecessors in title. The first respondent was the owner of the copyright of the original design and the entire chain of modifications.* (emphasis added)

[63] Applying the principle in *Dura-Mine (supra)*, I agree with the plaintiff that the EX-5 works creation process shows that the resulting works at every stage of the Creation Process, from initial sketches up to the EX-5 (P4) produced, were all brought about by the labour and efforts of Honda R&D's employees and had all originated from Honda R&D. All of these works created and the rights to them have been assigned by Honda R&D to the plaintiff. Thus, the plaintiff has copyright not only in the EX-5 drawing but also, in all the three dimensional models made from the EX-5 drawing and the entire chain of modifications and works of the EX-5 works creation process.

[64] Therefore, I am of the considered opinion that exh. P4, the Honda EX-5 motorcycle, which is based on the EX-5 drawing, is eligible for copyright protection, and that such copyright in both exh. 5 P5 and P4 are owned by the plaintiff.

A **Statutory Declaration**

[65] In any event, even if I am wrong in the above finding, the plaintiff has also relied on PW2 statutory declaration to invoke *prima facie* evidence under s. 42 of the CA 1987 with regards to the ownership of copyright in the EX-5 works. Therefore, the plaintiff submits that the burden then shifts on
B the defendants to rebut the plaintiff's *prima facie* evidence as to the subsistence of copyright in the works and the ownership of such copyright.

[66] The plaintiff's ownership of the copyright in the works is supported by the statutory declaration affirmed by PW2 (the 'SD') pursuant to s. 42 of
C the CA 1987, which reads:

> 42. Affidavit admissible in evidence
>
> (1) An affidavit, certified extracts of the Register of Copyright referred to in section 26B or statutory declaration made before any person having authority to administer oath by or on behalf of any person
D claiming to be:
>
> (a) the owner of the copyright in any works eligible for copyright under this Act stating that:
>
> (i) at the time specified herein copyright subsisted in such work;
>
> (ii) he or the person named therein is the owner of the copyright;
E and
>
> (iii) a copy of the work annexed thereto is the true copy thereof; or
>
> (b) …,
>
> F shall be **admissible in evidence in any proceedings under this Act and shall be *prima facie* evidence of the facts contained therein.** (emphasis added)

[67] The application of s. 42 was considered by the court in *Elster Metering Ltd & Anor v. Damini Corp Sdn Bhd & Anor* [2010] 1 LNS 397; [2011] 8 MLJ
G 253, where the court held at pp. 260-261:

> Section 42 stipulates five prerequisites, which are as follows:
>
> (a) it must be made by or on behalf of the person claiming to be the copyright owner;
>
> H (b) it must state the copyright subsist in the work at the time specified;
>
> (c) that he or the person named therein is the owner of the copyright;
>
> (d) a true copy of the work is annexed;
>
> (e) the person who is authorised to act on behalf of the copyright must
I produce such an authorisation in writing.

[68] The plaintiff has satisfied the requirements of s. 42 as the deponent, PW2 has affirmed the following facts:

(i) that copyright subsists in the works;

(ii) that the plaintiff is the owner of the copyright that subsists in the works; and

(iii) that copies of the works are annexed as the true copies thereof.

[69] Therefore, I am of the considered opinion that pursuant to s. 42, the plaintiff has established *prima facie* evidence that the plaintiff is the owner of the copyright in the EX-5 drawing, exh. P5 and the EX-5 motorcycle, exh. P4. This is supported by the decision of Justice Abdul Malik Ishak in *Rock Records (M) Sdn Bhd v. Audio One Entertainment Sdn Bhd* [2005] 1 CLJ 200; [2005] 3 MLJ 552 where His Lordship said at p. 209 (CLJ); p. 560 (MLJ):

> It is quite apparent that s. 42 of the Copyright Act 1987 prescribes the manner of proving copyright subsistence and ownership of works. It provides that an affidavit or statutory declaration to be made by the copyright owner or persons authorised by the copyright owner and **such affidavit or statutory declaration shall be admissible in any proceedings as *prima facie* evidence of the facts contained therein.** It is quite obvious that s. 42 of the Copyright Act 1987 was enacted to facilitate and ease the process of proving copyright ownership. It is a concession of a sort. It circumvents the requirement of having the produce supporting documentary evidence which may be antiquated and voluminous Section 42 of the Copyright Act 1987 places the burden on the infringer to dispute and challenge the *prima facie* evidence adduced by the copyright owner.

[70] The admission of the SD, which complies with s. 42 of the CA 1987 will have the effect of shifting the burden of proof to the defendants to rebut the *prima facie* evidence as to the subsistence of copyright in the works and the plaintiff's ownership to such copyright. This has been affirmed by the decision of the Court of Appeal in *Microsoft Corporation v. Yong Wai Hong* [2008] 6 CLJ 223, where the court held at p. 232:

> In the present case, the appellant filed an affidavit which complies with section 42(1) of the Copyright Act. *The effect of that is to provide prima facie evidence of the facts of the appellant's ownership of the copyright over several works in question. It was then for the respondent to offer positive evidence to displace the appellant's prima facie ownership, for example, by showing that some other person is the true owner of the claimed copyright.* But that, as has already been seen is not what the respondent did. (emphasis added)

[71] However, it is the submission of the defendants that despite the SD pursuant to s. 42 of the CA 1987, the plaintiff must still prove the facts in the SD before the same can be accepted as *prima facie* evidence.

[72] Having considered the submissions of the parties, I am bound by the decision of the Court of Appeal in the *Microsoft Corporation* case *(supra)* that so long as the SD complies with s. 42(1), it is *prima facie* evidence of the fact that the plaintiff is the owner of the copyright in exh. P5 drawing and exh. P4 Honda EX-5 motorcycle.

[73] The burden then shifted to the defendants to offer positive evidence to displace the plaintiff's *prima facie* ownership. On the facts of this, I agree with the plaintiff that the defendants have failed to offer positive evidence that the plaintiff is not the owner of the copyright in both the drawing and the EX-5 motorcycle.

[74] The defendants also submit that the SD cannot be admitted as PW2 has no personal knowledge of the facts stated in the SD.

[75] In his evidence however, PW2 said that he knew the facts in the SD because when he joined Boon Siew in 1997, he was employed as a Quality Engineer, assembling EX-5 motorcycles. PW2 had also attended meetings with Honda and met Mr. Koizumi and found out that Mr. Koizumi is the creator of the EX-5. So it cannot be said that PW2 has no personal knowledge of the facts stated in the SD.

[76] Added to that, I agree with the plaintiff that there is no requirement in s. 42 that the deponent must have personal knowledge of the matters stated. Section 42 provides that the SD can be made by 'any person claiming to be the owner of the copyright or his agent'. If the latter, then the owner's written authorisation is to be produced, and the SD by PW2 has complied with this requirement.

[77] In any event, the High Court in *Elster Metering (supra)* held that the plaintiff has no burden to tender evidence of makers of the drawings, originality of the drawings and how the plaintiff came to own the copyright unless the defendant rebuts the s. 42 statutory presumption by positive evidence. At p. 262, the court held that:

> … the Defendants have not produced any positive evidence against the first plaintiff's *prima facie* ownership. In the Defendants statement of defence, they merely made no admission to the ownership of the copyright subsisting in the drawings … *The cross examination of PW1 is insufficient to challenge the prima facie evidence of the first Plaintiff's ownership in the drawings.* (emphasis added)

[78] As such, I agree with the plaintiff that by merely relying on their cross-examination of PW2 to rebut the s. 42 *prima facie* presumption is insufficient and must fail. The decisions of the appellate courts are also well established that the defendant must adduce positive evidence to displace the evidentiary presumption, and this was not done in this case.

[79] In the premise, I find that the plaintiff's copyright subsists in both the EX-5 drawing, exh. P5 and the EX-5 motorcycle, exh. P4.

Copyright Notification

[80] The plaintiff also relied on Copyright Notification under ss. 26A and 26B of the CA 1987. In the present case, the plaintiff had also lodged notification of its copyright in the EX-5 works with the Malaysian Intellectual Property Office (MyIPO) (exh. P7) in accordance with ss. 26A, 26B of the CA 1987.

[81] The copyright in the EX-5 works has been recorded on the Register of Copyright under Notification No. CRAR00000382 with the following details:

Title of Work:	HONDA EX-5 or HONDA EX-5 DREAM
Category of Work:	Artistic
First Publication:	25.3.1986
Author:	Ichiro Koizumi
Owner:	Honda Giken Kogyo Kabushiki Kaisha also known as Honda Motor Co., Ltd

[82] The Deputy Controller of Copyright has issued confirmatory certification that the copyrighted works (EX-5 works) with the Notification No. CRAR00000382 for the plaintiff as owner and Mr. Koizumi as author has been registered in the Register of Copyright pursuant to s. 26B of the CA 1987. Under s. 26B(5), it is provided that true extracts from the Register of Copyright certified by the Controller or Deputy Controller shall be *prima facie* evidence of the particulars entered therein.

Conclusion On Subsistence And Ownership Of Copyright In EX-5 Works

[83] In the premise, from the evidence before this court, I am satisfied that the plaintiff has established that copyright subsists in the EX-5 works in Malaysia since 1 October 1990 and that the plaintiff is the owner of such copyright. The evidence is supported by the SD of PW2 affirmed pursuant to s. 42 of the CA 1987. Added to that, pursuant to s. 26B(5) of the CA 1987, true extracts from the Register of Copyright certified by the Controller or deputy controller is *prima facie* evidence of the particulars entered therein, that the plaintiff is the copyright owner of the EX-5 works.

A *Part 2 – Copyright Infringement*

[84] With regards to the issue of infringement, it is the plaintiff's case that the defendant's motorcycle, the "Demak SPARK' has infringed the plaintiff's EX-5 works, pursuant to s. 36 read with 13(1) of the CA 1987.

B **[85]** The application of both ss. 36(1) and 13(1) was considered by Justice Low Hop Bing in *Megnaway Enterprise Sdn Bhd v. Soon Lian Hock (No 2)* [2009] 8 CLJ 130; [2009] 3 MLJ 525 where His Lordship held at p. 143 (CLJ); p. 536 (MLJ):

> The essential elements constituting copyright infringement have been set
C out by Sir Raymond Evershed MR in *Purefoy Engineering Co Ltd v. Sykes Boxall & Co Ltd* (1955) 72 RPC 89. Prof Dr. Khaw Lake Tee adopted these elements in Copyright Law in Malaysia [1994] at pp 87 and 88 as follows:
>
> For purposes of direct infringement, it must be established that:
>
> (a) There is sufficient objective similarity between the original work or
D a substantial part thereof, and the infringing copy;
>
> (b) There is a causal connection between the original work and the infringing copy, that is, the infringing copy must have been copied from the original work, whether directly or indirectly; and
>
> (c) What has been infringed must constitute a substantial part of the
E original work.

[86] The High Court in *Elster Metering & Anor (supra)* similarly held as follows at p. 264:

> [42] This is a question of fact and the burden is on the plaintiffs to prove
F sufficient degree of objective similarity between the two works and some causal connection. Proof of a sufficient degree of objective similarity between the two works and some causal connection gives rise to an inference that the defendant has copied the plaintiff's drawings, which is to be rebutted by the defendants. If this is done, the burden shifts to the defendant to show the work is an independent creation.

G **[87]** On the issue of objective similarity, the House of Lords in *Designers Guild Ltd v. Russell Williams (Textiles) Ltd* [2000] 1 WLR 2416 held at p. 2425:

> … the first step in an action for infringement of artistic copyright is to identify those features of the defendant's design which the plaintiff
H alleges have been copied from the copyright work. *The court undertakes a visual comparison of the two designs, noting the similarities and the differences. The purpose of the examination is not to see whether the overall appearance of the two designs is similar, but to judge whether the particular similarities relied on are sufficiently close, numerous or extensive to be more likely to be the result of copying*
I *than of coincidence.* It is at this stage that similarities may be disregarded

> because they are commonplace, unoriginal, or consist of general ideas. If the plaintiff demonstrates sufficient similarity, not in the works as a whole but in the features which he alleges to have been copied, and establishes that the defendant had prior access to the copyright work, the burden passes to the defendant to satisfy the judge that, despite the similarities, they did not result from copying. (emphasis added)

[88] In *Honda Giken Kogyo Kabushiki Kaisha (supra)* in considering the question of infringement, Justice Suriyadi held that a visual inspection was sufficient to answer the question. At p. 191 (CLJ); p. 46 (MLJ), His Lordship added:

> With my observation of the pictures and drawings of the registered designs and those under copyright protection, together with the similarities as noted in my notes of proceedings, *it was an effortless exercise to conclude that the similarities were conspicuously obvious*, and one too many at that. If I were a potential buyer of any of the plaintiff's genuine products, and merely depending on sight, but not for the logo or brand name, I would certainly be misled and denied the truth of its authenticity, and wrongfully buy the defendants' vehicle (*Redland Tiles Ltd. v. Kua Hong Brick Tile Works* [1966] 1 LNS 165). During my visual inspection *there was no necessity on my part to resort to external aid or expert evidence* before arriving at the conclusion that the registered industrial designs or the copyrighted works of the plaintiff had been imitated, and on the face of it, compromised. (emphasis added)

[89] Having taken a visual comparison between the plaintiff's EX-5 motorcycle and the defendant's Demak SPARK, I find that there are evidences of close similarities, including the following items:

(i) the emblem;

(ii) the opening on the side cover;

(iii) the ornamental rubber piece with 16 ridges;

(iv) the rear combination lamp;

(v) the instrumental panel

[90] From the said evidence, I am of the considered opinion that there are sufficient objective similarities between the plaintiff's EX-5 and the defendant's Demak SPARK.

[91] The next element is whether the part that is infringed forms a substantial part of the original works. In *Radion Trading Sdn Bhd v. Sin Besteam Equipment Sdn Bhd & Ors* [2010] 6 CLJ 334, Justice Azahar Mohamed (as His Lordship then was) said at p. 352:

A [53] As for the third element, ie, whether the part that is infringed forms a substantial part of the original work, Gunn Chit Tuan J (later CJ (M)) in *Longman (M) Sdn Bhd v. Pustaka Delta Pelajaran Sdn Bhd* [1987] 1 CLJ 588; [1987] CLJ (Rep) 760 held that this is a "matter of fact and degree … not because of the physical amount of the reproduction but because of the substantial significance of that was
B copied".

[54] In determining what constitutes "substantial part of the original work", I refer to Professor Khaw Lake Tee in "*Copyright Law in Malaysia*", who cited *Ibcos Computers Ltd v. Barclays Merchantile Highland Finance Ltd* [1994] FSR 275 and explained as follows:

C
> Where discrete parts of the plaintiff's works have been copied or where the similarities are sufficiently numerous or extensive to support an inference of copying, it is more likely than not that a substantial part of the work has been copied.

[92] Therefore the compelling evidence of extensive close similarities
D between the Demak SPARK motorcycle and the EX-5 motorcycle would necessarily lead to the conclusion that the Demak SPARK motorcycle is a copy or a substantial reproduction of the EX-5 motorcycle.

[93] Added to that, the plaintiff has commissioned ARRK (Malaysia) Sdn
E Bhd ("ARRK Malaysia") to conduct scan data comparison analysis based on data generated from a three-dimensional ("3D") scanning of the EX-5 motorcycle and the Demak SPARK motorcycle. The ARRK Report gives the results of such comparison analysis and the conclusion reached is, pp. 151-152:

F
> … **The designs of all main parts are almost the same or identical between HONDA DREAM and DEMAK SPARK.** …We do not find any major difference in terms of the designs and shapes of the 2 models of motorcycles.
>
> From our analysis, **the conclusion reached is that the DEMAK SPARK and HONDA DREAM are of almost the same or substantially the same**
G **design, shape and size.** Very slight differences are found in some minor parts of the motorcycle such as the engine and the wheels. **All the main parts are highly or closely similar in terms of the designs, shapes, size and dimensions.** (emphasis added)

[94] I also accept the evidence of PW4 (WSPW4 – Infringement), the
H General Manager of ARRK Malaysia who handled the analysis work commissioned by the plaintiff who said that the Demak SPARK is a copy or substantial copy of the EX-5 works. PW4 said in evidence that from the superimposed image, the design and size of both the motorcycles are

I

substantially the same and almost identical. PW4 added that the motorcycles are a copy or a very close copy of each other. He further explained that it is almost impossible to detect any difference in dimension, shape and size between the two motorcycles with our naked eyes and without the visual aid of the 3D scan.

[95] Therefore, I find that the Demak SPARK motorcycle is an almost identical copy of EX-5 motorcycle.

[96] The next issue is on causal connection between the copyright work and the infringing work. In *Plastech Industrial Systems Sdn Bhd v. N & C Resources Sdn Bhd & Ors* [2013] 9 CLJ 404; [2012] 5 MLJ 258, 265, the High Court found that there was causal connection between the infringing works and the plaintiff's copyright works as the defendants had prior access to the plaintiff's works. Therefore, prior access to the copyrighted work may therefore establish causal connection between the works in issue.

[97] The plaintiff submits that the EX-5 was launched in Malaysia in 1987, about 30 years ago. It became very popular and the sales exceeded 2 million units. Therefore, since the EX-5 motorcycle is already very popular in the Malaysian market, the defendants could have easily copied the EX-5 into the Demak SPARK.

[98] In *Designers Guild (supra)* at p. 2425, the House of Lords made it clear that if the plaintiff demonstrates sufficient similarity, not in the works as a whole but in the features which he alleges to have been copied, and establishes that the defendant had prior access to the copyright work, the burden passes to the defendant to satisfy the judge that, despite the similarities, they did not result from copying.

[99] As there is sufficient similarity between the EX-5 and the Demak SPARK motorcycles, and that the defendants had prior access to the EX-5 motorcycles in the market, the onus then lies with the defendants to show that despite the similarities, the defendants did not copy the EX-5 and that the Demak SPARK was independently created. To this, it is the defendant's case that they have independently created the Demak SPARK in 2003, by Bally TRD. Bally TRD was engaged by the defendants to create the design of Demak SPARK.

[100] DW4 was called to give evidence on the independent creation of the Demak SPARK. However, DW4 did not have personal knowledge on the creation as he only joined Bally TRD in 2007 and he has admitted that he did not actually know that Bally TRD has created the Demak SPARK in 2003 as he was still schooling at that time. Added to that, DW4 personal involvement in the Demak SPARK is only to design the sticker.

[101] I agree with the plaintiff that the defendants have not identified the designer who had allegedly created the Demak SPARK independently, which is almost identical to the EX-5 motorcycle. It is also to be noted that the Demak SPARK was said to be created in 2003, which is about 18 years after Mr Koizumi designed the EX-5 drawing in 1985, and after the plaintiff had launched the EX-5 motorcycle in Malaysia in 1987.

[102] The House of Lords in the, *King Features Syndicate Inc and Anor v. O And M. Kleeman, Limited* [1941] AC 417 at p. 436, held that once there is substantial similarity, a *prima facie* case of actual copying arises and the defendant has the burden to rebut it, failing which infringement will be found:

> I think, however, that, *where there is substantial similarity, that similarity is prima facie evidence of copying which the party charged may refute by evidence that, notwithstanding the similarity, there was no copying but independent creation.* In the present case, on a careful comparison of the brooches and the sketch, I find substantial similarity between the different editions of the brooch and sketch No. 3, sufficient to raise a prima facie case of actual copying. The respondents have called no evidence to rebut that *prima facie* case. I agree, accordingly, with Simonds J in finding that copying is proved in respect of the brooches, equally with the dolls and toys. (emphasis added)

[103] Therefore, I am of the considered opinion that there is no evidence to support the defendants' allegation of independent creation of the Demak SPARK. The defendants have failed to discharge the burden on them to show that they did not copy the EX-5 works.

[104] The plaintiff is also seeking statutory damages under s. 37(1)(d) of the CA 1987, which confers a discretion on the court to grant statutory damages of not more than RM25,000 for each work, but not more than RM500,000 in the aggregate to a successful plaintiff. In awarding statutory damages, s. 37(8) requires the court to have regard to:

(a) the nature and purpose of the infringement or prohibited act, including whether the infringement or prohibited act was of a commercial nature or otherwise;

(b) the flagrancy of the infringement or prohibited act;

(c) whether the defendant acted in bad faith;

(d) any loss that the plaintiff has suffered or is likely to suffer by reason of the infringement or prohibited act;

(e) any benefit shown to have accrued to the defendant by reason of the infringement or prohibited act;

(f) the conduct of the parties before and during the proceedings;

(g) the need to deter other similar infringement or prohibited act; and

(h) all other relevant matters.

[105] With regards to the damage, loss and injury caused by the defendants' infringement and suffered by the plaintiff, PW3 (WSPW3 (Infringement - Q/A 33B) gave the following evidence:

> Copy motorcycles contribute nothing to the motorcycle trade and industry and have gravely prejudiced and injured those whose business is in legitimate motorcycles such as the Plaintiff and Boon Siew Honda. While we re-invest a significant portion of our revenue into continuing research and development to produce better, safer and more attractive motorcycles to the public and customers, those who deal in copy motorcycles such as the Defendants, do nothing but take the results of our efforts and investments for their own financial gain. Additionally, they unfairly compete with us by offering their copy products at cheaper prices. Of course, copy manufacturers can afford to offer their copy products for cheap because they have little or no research and development costs or design licence fees to bear. Legitimate manufacturers like the Plaintiff and Boon Siew Honda will never be able to compete on lower prices such as that offered by the Defendants because of our ongoing, significant research and development costs that are necessary to be able to continuously create new products and improve on existing ones. Copy motorcycles do not advance the industry in any way but cause unfair interference as well as prejudice, damage and loss to those in the business of legitimate motorcycles such as the Plaintiff and Boon Siew Honda.

[106] The defendants' infringing acts are commercial in nature, motivated only by profits and financial gain. The defendants are free-riding on the resources spent by the plaintiff in carrying out research, development and creation of the EX-5 works. By such infringement, the defendants have unfairly gained without having to spend any expense to develop the product.

[107] Despite the obvious copying, misappropriation and unlawful taking of the EX-5 works for their own commercial gain and unfair advantage, the defendants have made no attempts to settle.

[108] Further, I also agree with the plaintiff that there is a real need to deter similar infringements. Having spent substantial efforts and costs in creating and developing the EX-5 and having it become well-known as a result, it would be all too easy for other members of trade like the defendants to ride on the plaintiff's efforts and to unfairly gain from it. To encourage innovation and original creation, the efforts of those who invest serious money in research and development, like the plaintiff, must be given due protection.

There is therefore a clear need for deterrence in cases such as the present. As such, the plaintiff is awarded statutory damages in respect of the defendant's infringement.

Counterclaim

[109] The defendants have counterclaimed for unlawful interference with trade and contravention of the Competition Act 2010.

[110] Having considered the evidence, I agree with the plaintiff that the defendants have led no evidence to prove its counterclaim. There is no evidence before the court upon which a finding for the defendants on the counterclaim can be made. Added to that, the defendants did not, at any time during trial, put their claim for alleged unlawful interference with trade and anti-competitive conduct to any of the plaintiff's witnesses in cross-examination. A failure in this respect must be treated as an abandonment of the defendants' counterclaim and the defendants are now refrained from raising them in arguments (see: *Aik Ming (M) Sdn Bhd & Ors v. Chang Ching Chuen & Ors and Another Case* [1995] 3 CLJ 639; [1995] 2 MLJ 770, p 794)

[111] On the counterclaim premised on unlawful interference, I find that since the plaintiff is merely enforcing its copyright in the manner permitted by law, there is no unlawful interference with the defendants' trade and business and/or economic interests.

[112] On the issue of the alleged contravention of the Competition Act 2010, I agree with the plaintiff that since the defendants have infringed the plaintiff's copyright, there cannot be said to be a legitimate competition. Since the Demak SPARK motorcycle infringes the plaintiff's copyright in the EX-5 motorcycle, it is not a "legitimate competing product" as contended by the defendants. There is no legitimate competition when the infringing motorcycle copies or substantially copies the EX-5 motorcycle. The plaintiff will suffer unjust and unfair competition if its competitors are free to copy its EX-5 works protected by copyright, under the guise of the operation of the Competition Act 2010, as contended by the defendants.

[113] In any event, the case of *Maxicar v. Renault* [1988] ECR 6039 makes it clear that the mere fact of securing the benefit of an exclusive right granted by law, the effect of which is to enable the manufacture and sale of protected products by un authorised third parties to be prevented, cannot be regarded as an abusive method of eliminating competition.

[114] In the circumstance, I find no merit in the counterclaim and the same is dismissed.

Conclusion

[115] For the reasons enumerated above, I find that the plaintiff has proven its case on the balance of probabilities and the plaintiff's claim against the defendants is allowed with cost. As the defendants have failed to establish their counterclaim on the balance of probability, the same is dismissed with costs.